

ENDING UNACCOUNTABLE GOVERNMENT

By Bill Leonard

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An old friend had a mantra that summed up his criticism of so many government programs: "form over substance." He was right on target with that brief assessment. California's government has been more concerned with how things look than with what they do and whether they are done well.

That is why I am excited about the possibilities of the California Performance Review. CPR has been diligent about reducing organizational layers and merging similar functions under single structures. CPR does not merely rearrange deck chairs to get a more appealing form; instead, it fundamentally restructures our government to be focused on the substance of the work at hand.

The review team's recommendations are for a more responsive, accountable, and manageable structure that will dictate future changes in programs. The focus of the review is rightly on management and accountability. If a single leader is put in charge and made responsible for a fragmented and duplicative system, that leader will recommend program changes that work, because his job will depend on producing good performance and good customer service.

I also agree with the finding that the strategic management of state operations is impossible under the current structure. The functions of the Department of Finance, the Department of General Services, the Department of Personnel Administration and the State Personnel Board should be brought together under one entity. A single Office of Management and Budget needs to provide the management and oversight of all areas of state government. Under the current structure, performance measures cannot be put in place because the division of general government functions between four departments prevents the sharing of real-time information about state operations, and hinders government-wide reforms of programs, personnel, and procurement systems.

CPR has identified another area of government that is hard to beat in terms of being duplicative and confusing-- the state's tax collection programs. Consider that currently the Franchise Tax Board (FTB) collects state income taxes. The Board of Equalization (BoE) collects sales tax, state-assessed property taxes, and some 40 other taxes. The Employment Development Department collects employment taxes and the Department of Motor Vehicles collects the Vehicle License Fee or "Car Tax." How did we get come to have so many different state agencies all performing the same substantive function of collecting taxes?

Dave Doerr offers insight into this mess by recalling how the Franchise Tax Board was created. At the time the State Controller was feuding with the other four members of the

BoE. The Controller supported creating a new tax agency, the FTB, on which he would be one of three votes instead of only one of the BoE's five. And thus a new department was born -- not out of necessity, not out of logical and coherent review of the substance of the matter, but simply as a means to outwit political rivals.

Can we now, nearly a century later, undo those political machinations and unravel the mounds of red tape inundating taxpayers? CPR says we can. It recommends that all of California's tax departments be blended into one body under the elected members of the BoE. Such a California Tax Commission would enable businesses and individuals to deal with one shop-instead of several-to get taxpayer assistance and consistent application of the law.

Consolidation would also allow the state to improve efficiency, and ideally, save money. For example, each of the tax collecting agencies has a cashiering unit to count and deposit payments. With all the different deadlines and forms, each agency has peaks and valleys in its workload that necessitate hiring temporary staff. And while even the smallest retailer can now have money credited to their business accounts within moments of the sale, the state takes days to do the same thing. To my knowledge no one -- not the Department of Finance, not the Auditor General - has ever looked at the efficiencies of each of these revenue operations, nor has anyone ever developed a plan to take advantage of economies of scale or workload management. Under a Tax Commission, we can do just that.

In addition to better customer service and more efficient use of tax dollars, having one body of elected officials responsible for the administration of California's taxes will raise the level of accountability by establishing a clear line of responsibility. Some insiders may object to this democratic ideal out of fear that our rulings would be independent of the spending lobby that currently reigns in Sacramento. That alone should be reason to support this change. The only improvement I can suggest to CPR's recommendation is that the new Tax Commission should be made permanent by a Constitutional Amendment.

The California Performance Review's recommendations for an Office of Management and Budget, and a California Tax Commission promises to put common sense over political whims and substance over form, all to the great benefit of California taxpayers.

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